

Utah State Building Board



MEETING

December 3, 2003

MINUTES

Utah State Building Board Members in attendance:

Larry Jardine, Chair
Kay Calvert, Vice Chair
Richard Ellis, Ex-Officio
Steven Bankhead
Manuel Torres
Katherina Holzhauser
Kerry Casaday
Darren Mansell

DFCM and Guests in attendance:

F. Keith Stepan	Division of Facilities Construction & Management
Kenneth Nye	Division of Facilities Construction & Management
Shannon Lofgreen	Division of Facilities Construction & Management
Representative Loraine Pace	House of Representatives
Mark Spencer	Utah System of Higher Education
Brent Windley	Utah State University
John W. Huish	University of Utah
Mike Perez	University of Utah
Bob Askerlund	Salt Lake Community College
RoLynne Christensen	VCBO Architecture
Chris Coutts	HFSA
Ron Reaveley	RE & A
Chris Smith	Layton Construction
Will Summerhays	Layton Construction
Gary Adams	Department of Workforce Services
Rosemarie Carter	Department of Workforce Services
Keith Buswell	Wadman Corporation
Chris Hipwell	Wadman Corporation
Amy Mayberry	EDA Architects
Bud Bailey	Bud Bailey Construction
Lynn Schultz	Department of Public Safety – Drivers License

Vinn Roos	Department of Public Safety – Drivers License
Miles Nelson	UCAT – Southeast ATC
Calvin Hunt	UCAT – Southeast ATC
Bryan Wilmot	Utah Correctional Industries
Doug Wright	Department of Corrections
Rick Stock	Architectural Nexus
Richard Maughan	Bridgerland ATC
E. Bart Hopkin	Department of Human Services – OAS
Gladriel Clayson	Camco Construction

On Wednesday, December 3, 2003, the Utah State Building Board held a regularly scheduled meeting at the Utah State Capitol, Committee Room 129, Salt Lake City, Utah. Chairman Larry Jardine called the meeting to order at 9:00am.

☐ APPROVAL OF MINUTES OF NOVEMBER 6, 2003

Chair Jardine sought comments on the meeting minutes of November 6, 2003.

Steven Bankhead stated he felt Cyndi Gilbert's comments should be clarified to not perceive that Ms. Gilbert felt the institutions should be at one stable site.

Steven Bankhead clarified his comments on page six regarding the charts distributed by DFCM. It appeared that the five year plan is spending the money where the greatest shortages currently are and where they are projected to be.

Steven Bankhead also wished to clarify his comments on page 12 were not out of frustration, but more out of unfamiliarity.

MOTION: Darren Mansell moved to approve the Building Board meeting minutes of November 6, 2003, with the corrections noted. The motion was seconded by Manuel Torres and passed unanimously.

Chair Jardine excused Cyndi Gilbert and Camille Anthony from the meeting.

Keith Stepan honored Kay Calvert for completion of an eight year term. She served as a wonderful leader, Vice Chair, and Secretary to the State Building Ownership Authority. She has been an excellent voice for financial issues, and a voice throughout the state. She has been a voice of wisdom, good judgment and also added a sense of humor when it was most needed. She also brought respect and trust to the Building Board. On behalf of the Building Board, Mr. Stepan wished Ms. Calvert well in her future endeavors. Chair Jardine presented Ms. Calvert with a plaque and a Christmas ornament commemorative of the last year of the Christmas tree in the Capitol for four years.

Katherina Holzhauser was welcomed as a voting member of the Building Board. Ms. Calvert's departure will leave a vacancy of Vice Chair, which is elected by the Board and will be voted on at the January meeting.

Kenneth Nye stated the Building Board information will now be placed on the web beginning with the December meeting. In the future, DFCM will not continue to mail out packets to a large number of people and will only continue to mail to the Building Board. The intent is to get the information out more rapidly and available to a wider range of individuals. This information can be accessed at <http://buildingboard.utah.gov>. Notification of when the material is available will be distributed via email.

❑ RECOMMENDATION FROM VBS PROCUREMENT REVIEW COMMITTEE

Keith Stepan stated a review committee was developed to discuss the Value Based Selection process which was received with support from the community and professionals. A committee was developed to oversee the construction and A/E aspects. During the 2003 general session, the Legislature expressed concerns and positive aspects regarding the VBS process and the value in terms of construction. An interim study was requested, which was completed by Kevin Walthers in June and distributed to the Board members. Mr. Stepan felt it was an A- to B+ rating on the process. Mr. Walthers stated in his report that although VBS is not a perfect system, the State seems to be receiving better projects at a fair price. It was also noted that VBS has played a significant role in bringing projects in on time and under budget. The report also indicated that because of savings in the process overall, they have been able to finance the operations of DFCM the last two years and may continue to do so again this year. The operating budget of DFCM of approximately \$3 million has come out of reserve and contingency funds.

Joe Jenkins also previously distributed a letter to the Board suggesting that DFCM form committees to do some alterations and improving of the system as an attempt to respond to the concerns. These concerns focused mainly on the same contractors receiving a majority of the jobs, price, balancing of change orders versus the VBS process, and if there was value in saving money to the State or if projects were being overspent. Those issues were addressed by the committee and fine tuning occurred. Mr. Stepan stated DFCM was asking for conceptual approval to proceed with the changes.

Kenneth Nye presented the suggestions resulting from the contractor committee meetings. He stated most of the issues addressed were procedural in nature and could be addressed by modifying procurement documents and some processes and procedures in VBS. There were a few items requiring changes in the Administrative Rule, which will be discussed at the January meeting.

Mr. Nye stated the committee's participants were included in the information distributed and he recognized those present for their efforts and time and contribution. He expressed appreciation for their labors.

Mr. Nye stated the construction committee unanimously passed a motion endorsing the value of the VBS process and recommended its continuation. They also recommended a number of modifications to the process, as well as some structural issues. They were supportive of the VBS process and felt it was a viable way of procuring construction.

Steven Bankhead served on the committee and did not feel Mr. Nye had fully captured the motion of the committee's endorsement. He wished for the statement to include specific items pertaining to the quality of work, reduction in change orders, cooperation among the different parties, and reduction of legal problems. Mr. Nye offered to enhance the paragraph and distribute it to the committee for objections regarding a more complete statement of the support and benefits of VBS, but did not feel comfortable modifying the statement without giving the committee members an opportunity to comment.

Mr. Nye stated the committee focused on the different project delivery methods and their needs for procurement. The design/bid/build project delivery method is a traditional process used when a design team develops the design and specification and then places it out to bid to a contractor.

The second method of project delivery is the Construction Manager/General Contractor, which includes the hiring of a construction manager during the design phase. They work with the design team to ensure the design is developed well and addresses building issues and cost estimating. Subcontractors are procured at a later date.

The third project delivery method is referred to as design/build. Here the architect and engineers team up with a contractor who then serves as the lead and contracts with the state. This team has the responsibility of developing the design and construction of the project.

Each delivery method has enough different nuances requiring the procurement process to separately address each method. Many issues are consistent for the three different methods, but some require variation. The recommendations included specifications that applied to individual project delivery methods.

The design/bid/build delivery method had the most controversy regarding the use of the VBS process. As the process was discussed, the committee agreed to not have the VBS process be the standard procurement method due to its use primarily on small projects. With the smaller projects, it is not warranted to go through the additional effort of the full VBS process for the selection. Many smaller projects are now being done through the low

bid process or a multi-step bidding process. Due to this, it was recommended that VBS would no longer be the standard procurement method for the design/bid/build projects. Although DFCM wished to retain the option of using VBS as unique conditions arise to suggest VBS would be warranted, i.e. scheduling constraints. One recommendation is to use VBS for design/bid/build, but require determination by the Director to justify the uniqueness to not qualify for the low-bid or the multi-step process.

Kerry Casaday asked for further explanation of the multi-step process. Kenneth Nye responded the multi-step process is a marriage between VBS and low-bid. The first step is more similar to VBS where a qualification review is held with the contractor and quantitative measures are identified for qualifications, as well as qualitative measures, by evaluating past performance, work quality, qualifications of individuals assigned to the project, etc. Qualified contractors are then determined and are then able to submit a low bid. It is a mixture of VBS for the first step and a low bid for the second step. Keith Stepan added that state statute allows DFCM to short list.

Kenneth Nye stated the method currently most commonly used for constructing major construction projects is the Construction Manager/General Contractor (CM/GC) method. This is used because of the benefits provided to DFCM in ensuring the design is within the budget and avoids constructability problems. The contractor becomes a team member and partner early on. VBS would continue to be used under the CM/GC approach, with some changes in the specific issues dealing with the selection process.

The major points of the recommendations applied to all of the delivery methods. There was desire for DFCM to better clearly develop the Requests for Proposals for individual projects to ensure the issues of the project are clearly identified. There was also desire for DFCM to place more attention in ensuring the bidding documents identified the specific issues of the project and criteria based upon the selection.

Another recommendation was made for DFCM to standardize the submittal format to ensure format consistency. The submittal would have a page limit determined on a project specific basis based on complexity. The intent is to make the submitted information much more concise and organized. That will then facilitate the selection committee having a better understanding of what has been presented.

A recommendation was received for the selection committee to be identified earlier to grant contractors the knowledge of who is not approachable and object to individuals with a conflict of interest. The desire is to have the selection committees be more effective in the sense of being better prepared for the selection.

The committee also wished for more time for the selection committee's review of material. DFCM will ask the committee to do a preliminary score prior to the selection to ensure fair

consideration of the various proposers. The preliminary score serves as a preface in the interview process and deliberations, and they are able to adjust those scores based on the new information they gain from the interview and deliberation.

An orientation or briefing was recommended for the CM/GC projects and the Design/Build projects selection committees to provide complete information to provide a better understanding of the project intent as well as any concerns about the proposals before getting into the interviews. The Design/Build method will have the most thorough briefing and it is anticipated to include a technical review by the user as well as by DFCM staff or private consultant. It will highlight the requested space and nature of space identified and how well the different respondents addressed the requests.

A major change in the selection process criteria is the recommendation for the criteria to be clearly identified in the RFP. In addition, a weighting should be provided for the selection criteria to allow each criteria to be identified by importance. In the past, the selection committee determined the weight applied to each criteria during deliberations. Contractors were concerned with being able to focus on important factors. In fairness, DFCM wished to identify important issues to allow contractors to prepare their proposal accordingly. Criteria will be identified by the number of points allocated for each criteria and the committee members will do a formal scoring of the criteria. When that scoring is finalized at the end of the selection, the scoring will be the basis for the selection. This requires DFCM and the user to carefully consider the criteria before the RFP goes out, especially regarding the critical issues and allocation of points. The selection committees would have to give a respect to the criteria and weight identified for each criteria in the RFP.

Mr. Nye stated two items need to be addressed in Administrative Rules and will be presented for the January meeting. Currently the Rules provide that the default procurement method for all construction is VBS. This needs to be clarified regarding those going through a design/bid/build process. The committee also recommended changes in the gathering of reference information and would like an evaluation performed by the DFCM Project Manager and given to the user agency/institution for their comments. The user would not be doing their own formal scoring, but would be including their own comments as to what they thought of DFCM's evaluation. The intent is for the flow of information to be available to the selection committee during the deliberation to provide more information to base past performance and provide a better understanding to the selection committee. The current Administrative Rule regarding the referenced information calls for a level of confidentiality which may need to be relaxed. This will also be brought forward for future action of the Board.

Steve Bankhead stated the CM/GC delivery method statement called for short listing of qualification statement and a management plan. One primary concern of the General Contractors was to not present a full management plan until after the short listing and

present only an initial management plan or statement. A larger scale presentation would be prepared after the short listing occurred to avoid expenses of the management plan. Kenneth Nye knew concerns existed regarding the design/bid/build process being incorporated in the recommendations, but he was unsure if that applied to the CM/GC process. This was not included in the recommendations approved by the committee, but could be considered. Mr. Nye felt the management plan was a key element in determining who should be included in the short list. Dan Pratt attended the committee meetings and felt the initial submission was a general overview for all three types of delivery methods. Steve Bankhead added that this would provide a general fairness and only those firms short listed would be required to give an extensive, project specific, management plan.

Chair Jardine stated this may have an effect on timing of the short listing and the final selection. Kenneth Nye responded he felt there were concerns to proceed in that direction, but they could extend the time period if it was desired. Mr. Nye added they were still discussing if evaluations would be submitted from the private sector. The committee would continue with an evaluation on the past performance based on the performance evaluations presented to the committee.

Keith Stepan stated the architects and their consultants have always been selected by qualifications in a Qualification Based Selection. This does not include fees or low bids, and is always negotiated after hiring the architect and his consultants. The A/E committee endorsed the process and offered AIA support. They suggested revising and improving the consultant submittals by limiting pages and possibly incorporating a two stage process.

The selection committee would perform an interview and review a management plan. The committee suggested incorporating a communication plan to identify how the project would be developed as the process evolves. They felt it was an important step in the design process and a good selling point for an efficient, productive A/E firm.

The committee also desired to standardize the qualification and experience section and incorporate the communication plan. They wished for the architect and engineer of record to be noted to identify who stamped the drawings and held responsibility. Any other parties would be identified as to their part in the process. The committee also wished for emphasis on added value to be controlled to provide fairness. If there is added value proposed, it should be indicated in the RFP identifying benefits to the State. They also desired an added section to define their design abilities and excellence.

The committee also suggested three separate items pertaining to the subconsultant selection process. Some projects have very unique requirements and they felt it would be beneficial to allow DFCM the opportunity to select special consultants after the selection of the architect. The committee also suggested the Board consider allowing the programmer to perform the design work at the discretion of DFCM.

The committee also wished to address peer review as it has not been successful in the past. They wished to have DFCM select an independent review team to perform peer review and focus significantly on buildings codes and structural elements.

Darren Mansell questioned why fees were discussed after the architect had been chosen. Keith Stepan responded this is a tradition of the AIA that the A/E's ability is always selected based on quality and not on price. This allows the selection committee to assess skills, ability, talent, creativity, separate from the bid. There is a standard of fees and architects traditionally charge 6% - 10% depending on the degree of complication on the process.

Mr. Mansell stated there would always be a standard if they were chosen this way. However, in his experience the architectural fees varied from 4% to 10%. He did not understand why they were allowing this method of selection to continue. If it is costing the state 4% more per project, he did not understand why they did not submit costs similar to a general contractor. Keith Stepan stated the negotiations did not take place and price varies occasionally based on project type. Mr. Mansell felt there was no negotiation on price if they had already been selected.

Ron Reaveley stated typically a qualification based selection is used for A/E's due to the scope of responsibilities as designers depend on their abilities and the owner's desires. The proposed scope is rather nebulous when accepting a design project as opposed to a general contractor following a set of documents. The Federal Government has the Brooks Law which requires all procurement by the Federal Government be on qualification based selection for A/Es. He offered the Board information on the requirements and felt there was good rationale why A/E's should be selected based on qualifications. To bid services that are not clearly defined can depend on the ability and qualifications of the designer, would result in facilities that do not meet the State's standard.

Darren Mansell disagreed based on his own personal experience. He did not feel it would result in a more dangerous product. Basing it on qualifications only would seem there would be one firm that would continuously win.

Mr. Reaveley responded there is not one person qualified to do every job and often times there are several well qualified A/E groups. Defining who is the most qualified is done through the process of VBS. Keith Stepan added that ranges do not vary much and firms end up pricing themselves out of the business. Mr. Reaveley added it's clearly stated in state and federal law that once an A/E is selected based on qualifications, they then submit a proposal to DFCM at DFCM's request. If DFCM is not completely satisfied with the fee negotiation, they can negotiate further. Or if the A/E is unreasonable in any way, DFCM has full rights to dismiss that firm and proceed with the next best qualified.

Kevin Walthers added that the Legislative Fiscal Analysts' Office shared the frustration of Mr. Mansell. However, this is an article of faith among A/Es. Therefore, their office has looked at the document where all professional awards are granted and checked the percentages. The size of the project drives the number. Mr. Mansell felt he would pursue legislative support in changing this procedure.

Steve Bankhead commented most of the recommendations made and discussions held reflected a tremendous trust in the integrity and skill of current DFCM personnel.

DFCM requested conceptual approval of the recommendations from VBS procurement review.

MOTION: Kerry Casaday moved to grant conceptual approval of the VBS procurement recommendation. The motion was seconded by Kay Calvert and passed with six in favor and one opposed.

❑ MASTER PLAN FOR THE STATE CAMPUS IN BRIGHAM CITY

Kenneth Nye stated further conversations were held with Utah State University who indicated their desire that the Board address this item as information with the intent to return in January for formal approval due to concerns raised by USU's leadership.

Mr. Nye stated the masterplan would provide guidance for the future use and development of the Brigham City campus recently purchased by the State. DFCM recognized the plan would need to be revisited to discuss expectations based on future growth.

A retail shopping center was developed in 1978-1979 with various tenants throughout the years. In 1994, the Brigham City community wished for the retail campus to be purchased by the government and converted into an education center. In 1994 the Legislature appropriated \$900,000 and Box Elder County purchased the complex from the developer and used \$900,000 as an upfront rent payment from the State to help pay for the purchase and cost of doing the conversion. The total cost of the original purchase in remodeling was approximately \$4 million which was overseen by DFCM as the space was being prepared for Bridgerland ATC and Utah State University.

Mr. Nye referred to a map included in the packet. Each area was identified by letter code for each of the individual spaces within that complex. The building identified as A was originally developed for Albertsons. The building identified as H was originally developed by Grand Central which was then purchased by Fred Meyer. Building E was originally developed for Blocks, a smaller department store and the balance of the space was more of a strip mall development, which has had a number of tenants over the years.

When the original construction and conversion was completed, Bridgerland ATC moved into building A, which provided them with 26,711sf and Utah State University moved into the package of buildings identified as Cb, D, and E which provided them a total of 15,719sf.

Driver License previously occupied the space Ca when it was a strip mall and they were in 2,182sf. Ca and Cb are basically components of the building that was sub-divided for Driver License and Utah State. As Utah State grew, they acquired an additional 7000sf in building H. Bridgerland has grown and acquired an additional 4400sf in building F. There are a number of non-state entities currently in the complex. In the 2001 legislative session, the Legislature provided DFCM \$2,741,000 to purchase this campus from the county. This reflected the outstanding debt the county had from the development originally so DFCM received full credit from the \$900,000 paid upfront. The purchase also included an additional 11.74 acres of vacant land directly south of the building.

Mr. Nye focused on the recommendations for future development. Utah State's long term direction is for them to expand to building H, which is currently occupied by a private company and the balance of the space is open retail or storage areas for the old Fred Meyer store. USU has immediate need to expand to additional space to meet their educational needs in Brigham City. They have requested the ability to expand into an additional 10,000sf of space in building H, plus also expand the restrooms in building H. They have identified internal funding for that expansion. USU would be eligible for state funds for their expansions and upgrade needs. USU desired to fully acquire building H in the future, and would then vacate building E. Bridgerland wished to expand to building B and could take over building E with very little remodeling costs.

Before receiving final approval, USU requested that the masterplan identify where future expansion would occur once their space needs were greater than what could be accommodated within building H. While the additional acreage would be the anticipated location for expansion in the future, USU did not wish to be divided on the campus. Two potential alternatives include constructing a new, totally separate building and vacating building H or demolishing the space between building A and building H and replacing it with a space that would better meet their needs and possibly Bridgerland.

USU has considered moving to the KMART building, which was donated to them, but DFCM has discouraged that due to the investment of buying their current location. DFCM's recommendation of the master plan is that USU not relocate to the KMART facility. USU is also giving this item consideration before the final approval.

DFCM also recommended that USU and Bridgerland seek shared usage of classroom space. USU's usage is primarily in the evenings and daytime usage is more limited. There are some possibilities in building H to construct more shared classroom space.

The Box Elder County extension office is currently also located in building H and DFCM recommended its continuation if mutually acceptable lease arrangements were arranged. DFCM recommended to covert the Cb space for the Driver License office in exchange for DFCM providing replacement classroom space in building H as part of the capital improvements next spring. Doing so would address the cost of converting the current USU space to be used instead by Driver License as well as providing replacement space for USU.

Human Services and Workforce Services are currently housed in a leased building that is slightly northwest of this area and their lease expires in 2012. At that point in time, DFCM would recommend consideration for inclusion in this campus. If the growth that is projected by Bridgerland and Utah State actually occurs, then there would not be room for them in the currently constructed space. At that point, DFCM would suggest there be consideration for a new state owned building on the additional available acreage. Workforce Services has requested that DFCM acknowledge their ownership of property on another site and there would be some consideration as to which location would best meet their needs.

In regards to other state agencies, DFCM currently leases space in Brigham City for Adult Probation and Parole. Mr. Nye did not feel they should be considered for being housed at this complex due to their clientele. The Division of Juvenile Justice Services, also known as Youth Corrections, should also be located elsewhere. The Bear River Mental Health currently leases space and would be a compatible use that could continue as long as there is mutually agreeable lease arrangements. Other state entities with needs in the Brigham City area should also be considered for this location.

Kenneth Nye stated the primary access for this site is currently off the 11th South Street, which presents two challenges including crossing property where there is an easement with Vesco which is very costly. Therefore, DFCM is looking for alternatives to address that access. UDOT also plans for future improvements on 11th South Street which would take away that as an access point. To address those issues, a road has been constructed on the west side of campus to connect into 11th South Street at a point further west. Currently the road is not developed as a major access and needs further improvement before it could serve as a primary access point. This will serve as a primary access point in the future once issues are resolved with the City, County and UDOT. On the East side of the property, Arby's has an outlet that slightly juts into the property and there is a shared access point which will need to be discussed with Arby's and UDOT to develop into a stronger access point.

Mr. Nye stated he was hoping to have the issues resolved with USU by January in order to return for formal action. Brigham City has requested the action be delayed further, but USU is anxious to proceed.

Steven Bankhead stated in last month's Board meeting, Cyndi Gilbert brought up what is the proper juxtaposition between concentrating building resources on existing campuses versus dispersing these buildings throughout the state. He wondered how this masterplan related to this issue. He also stated the Board recommended Bridgerland property in Cache Valley on next year's building priority list. He questioned if it would have any impact on the Box Elder facility.

Kenneth Nye responded the campuses were serving different populations. The question of when to build a new campus to serve a population as opposed to traveling to a different campus is a very valid question. A few years ago, there was a real effort in Higher Education to take education to the people. He thought they had currently stepped back from that based on expenses. The general location of having this campus in Brigham City was a decision that the Legislature made back in 1994.

Richard Maughan confirmed that the Logan and Brigham City campuses serve different populations.

Kenneth Nye stated there was a number of people present from various entities that are affected by the Brigham City masterplan. He sought comments from the affected individuals. There were no comments.

❑ ADDITIONAL "OTHER FUNDS" CAPITAL DEVELOPMENT REQUESTS.....

Kenneth Nye stated the University of Utah had done further analysis on the parking structure they wanted to build to replace another parking structure. Upon further analysis, they have determined it is more cost effective at this time to do some renovation of the existing structure and will ask the Board to remove the item from their request.

In regards to the other fund projects, Mr. Nye referred to the Southeast ATC of UCAT who had a request in Blanding which was developing while other recommendations were submitted and also required approval by the UCAT Board. UCAT statute requires legislative approval before a new building may be constructed for UCAT. As a general rule, the Legislative approval is only required when the \$250,000 level is exceeded, but UCAT statute doesn't provide for any exemptions. The estimated cost of the project is \$200,000 which is their cash outlay. In addition there is some land being donated that would add cost and the ATC also anticipates being involved with the construction process to reduce that cost. The total cost including those non-cash items would probably exceed \$250,000, but the cash outlay would be \$200,000.

UCAT also requires that the Building Board make a determination that they have met criteria specified in their statute before making a recommendation. This calls for them to

coordinate with Higher Education and the local school districts to maximize the usage of space and not create duplication.

Miles Nelson and Calvin Hunt, SEATC, stated they have a very large area to serve and a smaller population to serve, but they are very spread out. Mr. Nelson stated they have special requirements from the Legislature for UCAT to have facilities approved. They require a new building due to growth and being on a month-to-month lease basis.

The office of the Vice President, Mr. Calvin Hunt, is housed on the CEU campus and the programs operate in a double wide trailer. The proposal will allow them to increase their space to 2500 – 3000sf and will also allow them to house their offices together with their programs. They also wish to be located next to the high school in order to serve the mandate to serve high school students and the District is donating the property to be able to provide the project.

Mr. Nelson summarized the proposal and stated they wished to construct the new facility in a phased approach and this would be the first phase of three phases. Over ten years they will need approximately 10,000sf. They are not in a large growth mode in this part of the state, but they do have a need to provide additional programs. This will allow them to increase the program capacity and allow the access to the high school students.

Mr. Nelson stated \$100,000 would come from internal funds which are generated through a partnership with Utah Housing Corporation. They currently construct two residential homes per year in two programs operated in the ATC. They have generated enough revenues over the past seven years to accumulate the \$100,000 for this purpose. They will also seek a match from CIB for the remainder of the funding. The value of the property donated by the school is between \$35-40,000, which is not represented in the \$200,000 cash outlay.

Mr. Nelson pointed out that UCAT's requirements have been met through the pursuit of space at CEU and the school district. The project has also been approved by the UCAT Board of Trustees as well as the local Board of Directors.

Keith Stepan stated the Board would need to make a separate finding before they could grant approval and would need to include this in the motion.

MOTION: Steven Bankhead moved the Board made the finding that SEATC has met all of the requirements necessary for funding and also approved the project. The motion was seconded by Manuel Torres and passed unanimously.

Kenneth Nye continued with the Utah Correctional Industries (UCI) project and stated UCI is expected to operate as a business within state government providing employment

opportunities for inmates and parolees. They wished to pursue a business venture in Gunnison which would become part of the existing correctional campus. The request would be financed by a state lease revenue bond which they would then be repaid through the generated operating revenues. Mr. Nye stated they were currently negotiating some of the issues with the private business. He recommended the Board's recommendation be couched into expectation that further review will take place of that business plan as it proceeds to make sure it is a viable business plan before issuing debt. Mr. Nye did not feel there were any other reservations.

David Gomez, director of UCI, and Mark Daniels, Production Manager at Gunnison, were present. Mr. Gomez indicated the company was willing to make a \$1 million investment in equipment to begin the operation and contract negotiations were proceeding.

YESCO approached the CUCF facility to expand the employment as a stable partner. The CUCF has some floor space to use for the first three phases and they are ready to begin their operation in May 2004. In order for them to have a long range plan of at least 20 years, they knew they would need to expand their operations within another year after their first three phases are implemented. CUCF is willing to do the expansion when appropriate and it would be required in order to form the partnership.

The inmates will learn to manufacture electronic signage. In the first three phases, they will learn to operate the equipment that places the miniature bulbs, quality control, complete the total sign making. UCI is very excited about this because it will give the offenders the opportunity to obtain a skill that they can transition out with to the community when they are released. It will also provide the opportunity for them to have a genuine work environment where they will have to apply for the jobs, and meet criteria. The wage plan is developed with the Department of Workforce Services and the inmates will be getting a minimum wage, but a large percentage of that will go to the Department of Corrections to pay for program costs. The wages will help offset the revenue bond. The estimated revenue will be approximately \$200,000 after they pay the quarterly revenue bond payments and the officer's fees. It will be a definite asset to the current operations that are currently running at a loss.

Kay Calvert asked if UCI had been able to gauge success in terms of recidivism of individuals in the program. Mr. Gomez stated they did not have the capabilities to track those participating in the work programs, but parole agents report a definite lower recidivism rate among those that have gainful employment while they are in the prison system versus those that don't elect to become involved.

Mr. Gomez added that the contract with YESCO would be for a five year term, but they desired a minimum 20 year commitment on the investment. This will be included in the business plan as well.

Kenneth Nye stated the review of the business plan would occur in the Legislative Fiscal Analyst's Office and the GOPB rather than the Building Board.

Chair Jardine sought a motion for approval including the stipulation of including a business plan.

MOTION: Kay Calvert moved to approve the request from the Department of Corrections to have the \$1 million consideration added to the other funds request with the caveat that the business plan must be approved prior to the lease revenue bond being awarded. The motion was seconded by Katherina Holzhauser and passed unanimously.

Kenneth Nye offered one other observation regarding the other funds list and stated when the Board held its hearings, Utah State presented a project related to their athletic team facilities and they indicated they were internally working on the scope and programming. They are still struggling internally with the issue and hope to have the information available in January. This will not be included in the five year book, but can be considered for legislative approval.

❑ ADMINISTRATIVE REPORTS FOR UNIVERSITY OF UTAH AND UTAH STATE UNIVERSITY

John Huish, University of Utah, presented his administrative report for October 17 to November 14, 2003 and including the quarterly report.

There were three A/E agreements awarded for the period, all of which were awarded for state improvements projects including the College of Nursing Fire Suppression System, the University Student Apartments Towers 1 & 2 Reroof, and the 12470 Volt System Improvements.

There was no construction contracts awarded for the period.

The summary of the statewide account listed 10-12 projects that were indicated as complete and projects that will be removed from the report in future months as they are complete.

The improvements account showed 10 completed projects and most were projects from prior year funding.

Mr. Huish reported that they were taking a more proactive approach with the capital improvements projects. The projects on the current list for submittal for funding for the coming year have been well identified and assigned to begin some very preliminary work

on the projects and getting them scoped so that in the event they are funded, they will be in better position for implementation. That will also place them in a better schedule for construction of those projects.

The contingency reserve fund showed some activity pertaining to the Business Loop Road and Other Parking. This project has covered a lot of paving needs for this year. This project was put out to bid and received a bid from Cottonwood Builders that was so favorable and their work has been successful in the past that they increased some scope on that work to include other badly paved areas on campus.

The project reserve fund was also accessed for an improvements project to put the ADA elevator and restroom upgrade in the Social Work building. The estimate for the project was somewhat low and the low bid was in excess as well. This project will be completed in time for spring semester.

The construction contract status report showed nine closed contracts for the quarter, four projects still open and three new contracts. The Golf Course Realignment for Trax was delayed for Trax coordination and weather.

MOTION: Steve Bankhead moved to accept the administrative report of the University of Utah. The motion was seconded by Manuel Torres and passed unanimously.

Brent Windley, Utah State University, reported the administrative report for the period of October 15 to November 12, 2003.

There was one design contract awarded due to UDOT developing new regulations effective September 16, which may affect the design already underway. It deals with the entrances and exits from state owned highways. This design contract may need to be revised to reflect the additional design.

There were seven construction contracts listed, of which three were able to be bid together to Spectrum Engineers for some savings totaling \$192,000. With the savings, USU is able to include the Center for Persons with Disabilities building and will be able to accomplish more of the fire alarm upgrades throughout the campus. The remaining projects were in-house designs for various utility projects and are ongoing as listed as their contracted amounts.

The contingency reserve fund showed approximately \$18,000 added to the fund from two closed projects.

The quarterly report listed all projects USU is involved in and also lists the time factor and

money. Six of the projects were completed, two of which are slightly over the percentage and the other four were below the percentage.

The project reserve fund showed one addition for the fume hoods biotechnology building.

The quarterly report on the construction contract status report showed all projects, of which four were closed out during the period and currently have 11 projects still open. The Housing Fire and Life Safety Improvements were listed at 43 days behind schedule and are scheduled for completion during Christmas break when students were not in the housing. There were also seven new contracts that are in various areas of the campus. There were 56 total delegated projects and 17 were completed in the period. Five were still in design and seven were still pending for various funding arrangements. The major projects on campus were on schedule and proceeding.

MOTION: Kay Calvert moved to approve USU's administrative report. The motion was seconded by Kerry Casaday and passed unanimously.

☐ ADMINISTRATIVE REPORTS FOR DFCM.....

Keith Stepan called attention to the Board that a form has been developed and approved for demolishing the Science and Old Main buildings on the College of Eastern Utah campus. The hope is during the holiday break, those buildings will be demolished.

☐ OTHER.....

Chair Jardine noted a tentative schedule for the Board meetings for 2004 was included in the Board's packet.

☐ ADJOURNMENT.....

MOTION: Kay Calvert moved to adjourn at 11:18am. The motion was seconded by Steve Bankhead and passed unanimously.

Minutes prepared by: Shannon Lofgreen